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**ARIZONA CORPORATION COMMISSION**

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2010 MAY 28 P 2: 36

ORIGINAL

May 28, 2010 Arizona Corporation Commission

**DOCKETED**

MAY 28 2010

DOCKETED BY

Ms. Sonn S. Rowell, CPA
Desert Mountain Analytical Services PLLC
P.O. Box 51628
Ahwatukee, Arizona 85076

RE:     EAST SLOPE/ANTELOPE RUN/INDIADA CONSOLIDATED - APPLICATION FOR
A TRANSFER OF OWNERSHIP AND CONSOLIDATION OF RATES - DOCKET
NOS. W-01906A-10-0171, W-02327A-10-0171 AND W-02031A-10-0171

**LETTER OF DEFICIENCY**

Dear Ms. Rowell:

In reference to your application for transfer of ownership and consolidation of rates received on April 30, 2010, this letter is to inform you that none of the underlying rate applications upon which your application is based have met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103. In addition, Staff has found a number of deficiencies with the consolidated schedules provided in this application and listed those deficiencies on a separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives an original and 15 copies of a corrected set of schedules.

You have 15 calendar days, or until June 21, 2009, to correct the deficiencies, or make other arrangements with Staff to remedy your rate application. If a corrected application is not filed or other arrangements are not made by that date, Staff will request the docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and 15 copies of an updated application at a later date.

The Staff person assigned to your application is Jeffrey M. Michlik. He can be reached at (602) 364-2034, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

*Gordon E. Zeal*
*for*

Nancy L. Scott, Esq.
Chief, Financial & Regulatory Analysis Section
Utilities Division

CC:    Docket Control Center (fifteen copies)
       Connie Walczak, Consumer Services
       Delbert Smith, Engineering
       Lyn Farmer, Hearing Division

# CONSOLIDATED
## EAST SLOPE WATER COMPANY, INDIADA WATER COMPANY, ANTELOPE RUN WATER COMPANY
### Rate Application
### Docket Nos. W-01906A-10-0171, W-02031A-10-0171 and W-02327A-10-0171
### Test Year Ended December 31, 2009
### List of Deficiencies

1. Please provide a complete application for the consolidated entities that includes all schedules required by Arizona Administrative Code R14-2-103 (Note: Reconstruction Cost New Depreciated information not filed will be deemed waived). The following required schedules were omitted: A-4, D-1, E-7 and E-8.

2. Prior years in Schedule A-2 have been mislabeled.

3. Prior years' net income in Schedule A-2 does not match the net income in Schedule E-2.

4. Please provide the actual monthly usage for each individual bill for usage equal to or greater than 100,000 gallons (Schedule H-5).

5. Adjustment C for $1,700 appears as purchased water for Indiada. Please indicate if water was purchased from East Slope or Antelope Run and how the transaction was recorded by the seller and how it is reflected in the application.

6. In Schedule C-2, Adjustment G for Income Tax Expense ($101,254) does not agree with the amounts in Schedules C-1a and C2a.

7. In Schedule A-1, the proposed revenues on line 9 ($764,071) do not agree with the total for the customer classes at the bottom of Schedule A-1 ($699,141) or with Schedule C-2b

8. The revenue under present rates in Schedule A-1 does not match the total revenues in the individual H-1 Schedules for each respective entity as it should.

9. Please arrange customer classification by ascending meter size on Schedule H-1.

10. Please provide each individual bill for usage above 100,000 gallons (Schedule H-5). For example, 5/8 x 3/4-inch meter residential bill count indicates 28 bills over 100,000 gallons.

11. Schedule H-5 does not include information pertinent to the emergency surcharge. Please provide an additional Schedule H-5 inclusive of the emergency surcharge.